

Unit-1

Introduction

Concept of Business Ethics

The study of general nature of morals and of specific moral choices, moral philosophy and the rules of standards governing the conduct of the members of profession is ethics.

Business ethics comprises principles, values and standards that guide business behavior in the world of trade and commerce. Business ethics refers to the contemporary standards or sets of values that govern the actions and behaviour of an individual in the business organization.

Principles :

Principles are specific pervasive boundaries for behavior that are universal and absolute.

Values :

Values are used to develop normal that ability and trust are examples of it. They are relative in nature and may change as per time frame.

Standards :

Determine the specific weightage and quantitatively to assess the level of business ethics.

Features of Business ethics

- They are moral philosophy related to business work environment and decision making.
- They comprise of principles, values and standards of business decisions.
- They represent do's and don't in business decisions.
- Accountability, integrity and trust are the core indicators of business ethics.
- They are dynamic in nature.

- f) Reflect philosophy of business
- g) Normative in nature i.e. Application side of business ethics
- h) They are related to enhance CSR of business

Some of the issues related to business ethics for business managers are:

1) Remuneration issues:

Minimum wage, just wage and ethical wage

2) Equal employment issues:

Gender differences, women priority in employment, minority's preference.

- 3) Bribery
- 4) Product safety & requirement
- 5) Honest ad.
- 6) Sexual harassment
- 7) Fair pricing
- 8) Growth vs profit
- 9) Transparency
- 10) Money laundering
- 11) Morality of labour strikes
- 12) Conflict of interest
- 13) Privacy issues
- 14) Fair supply chain management
- 15) Environmental issues
- 16) Addressing human rights
- 17) Law abidity

Importance / Benefits of Business ethics

- 1) Helps to understand and apply the common understanding of the fundamental idea of what is good and what is bad in business decision and execution.
- 2) Without ethics, businessman will set their own moral

standards.

- 3) It is requirement and obligation in all the functional aspect. (prodⁿ, marketing, account/finance, HR, R&D) to create image goodwill and satisfy diversified needs of stakeholders.
- 4) Ethical companies have been making profit as well as image in the long run as per research.
- 5) Ethical behaviors practiced in the organization will boost up the moral standards of workforce.
- 6) Ethical practice helps in developing investors loyalty.
- 7) Ethical practice helps in higher customer satisfaction.

Ethics and Morality :

Ethics refers to the formal study of those standards and conduct required to activate a particular action to make it more justifiable in the societal perspective.

Morality refers to the quality of goodness or badness in a human act. Good acts are considered moral and bad as immoral. So morality refers to the conformity of ethical standards and conduct.

Myths about business ethics:

Myths are the popular statement practiced in society that seem real but in fact represent version.

- &
- 1) Business & ethics are two separate entity and hence cannot be mixed or they are contrary to each other.
 - 2) Ethics is a personal matter not a public debatable issue.
 - 3) Good business means good ethics.
 - 4) Ethics are coined with religion and business has nothing to do with religion.
 - 5) Business is a cut-throat competition exists where as

the ethics are issues for saint and hermits.

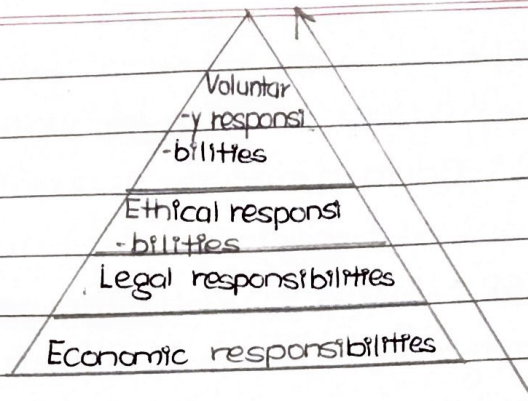
Relationship between Business, Ethics and Law:

- 1) Actions of individuals and institutions in business must be subjected to moral rules and regulation.
- 2) An action may be legal but not necessarily moral. Ethics provides a clear distinction between morality and legality.
- 3) Laws are written ethics while ethics are unwritten laws, so many times laws may be insufficient for a society.
- 4) Peter Drucker has seminated that a business organization is not just created to make profits but should also consider its moral, social obligations to its stakeholders.
- 5) Profit maximization should not be the sole aim of a business. So, managers must balance profit maximization with complex situations bearing ethical consequences.

Business ethics and Social Responsibility

BE refers to an individuals or a work-groups decision that society evaluate as in right or wrong where as SR is a broader concept that concerns with impact of the entire business organization's activities in the society. A business is obliged to operate/function with ethical issues through its various departments of functional divisions and it contributes positively to SR, if it does so for long period of time through its policy.

Nature of Social Responsibility is portrayed as:



Ethics and philosophy

Literal meaning of philosophy: Study of Knowledge (Greek word)

Philosophy in a simple sense may be described as love of wisdom i.e. depth exploration of the universe, human being, plant and animal kingdom. Philosophy is the discipline concerned with questions like:

- i) How one should live? (Ethics)
- ii) What sort of things exist and what are their essential nature? (Meta Physics)
- iii) What counts as genuine knowledge? (Epistemology)
- iv) What are the correct principles of reasoning? (Logic)

Five branches of philosophy

- 1) Meta physics: Study of existence: What is out there?
- 2) Epistemology: Study of knowledge: How do I know about it?
- 3) Ethics: Study of Action? What should I do and in what way?
- 4) Politics: Study of force (power): What actions are permissible?
- 5) Esthetics: Study of Art: What can life be like?

Corporate Social Responsibility:

UNIDO defines CSR as a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with stakeholders.

Types of CSR

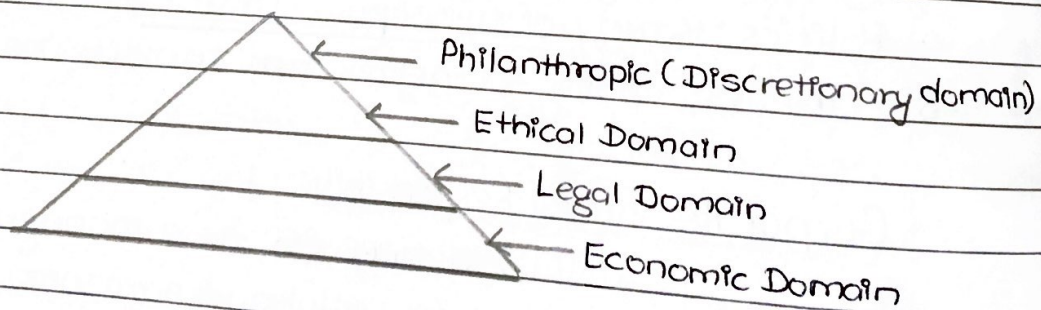
- 1) Ethical CSR: Responsible to avoid social harms & injuries.
- 2) Altruistic CSR: Contributing to the common good at the possible expenses of business for humanitarian causes.
- 3) Strategic CSR: Firms social welfare responsibilities accepted as an organization's culture through a strategic plan addressed basically to its stakeholders.

Benefits / Importance of CSR

- 1) Increased employees loyalty and retention
- 2) Increased quality of products / services
- 3) Increased customer loyalty
- 4) Greater productivity and quality
- 5) Reduced regulatory oversight
- 6) Access to capital market
- 7) Product safety
- 8) Overall image increases

Domains of CSR

A.J. Carroll has provided four domains of CSR. CSR needs are to be fulfilled by a business enterprise. The empirical studies also show the support for this fact. The domains are depicted in a pyramid shape.



- 1) Economic Domain / Economic Responsibility includes
 - a) Job creation for society
 - b) High level of operating efficiencies

- c) Profitability
- d) Competitive
- e) Maximization of EPS

2) Legal Domain or Responsibility

- a) Abiding the commercial laws related to business
- b) Meeting legal expectations of government
- c) Fulfilling legal obligation in time & without getting any penalty
- d) Transparency requirement as per the law.
- e) Fulfilling legal safety requirement in work environment/products/pricing/distribution and promotion.

3) Ethical Domain and Responsibility

- a) Performing business activities matching with the expectation of local community and society.
- b) Recognition and respect new developing ethical, moral norms adopted by society.
- c) Prevention of ethical norms being compromised to achieve corporate goals.
- d) Due attention to be given for moral issues at work environment
- e) Recognition & that corporate integrity and ethical behaviour go beyond mere compliance with laws and regulation.

4) Philanthropic Domain/Responsibility

- a) Offering charity to the local community in a regular basis sponsoring social event.
- b) Assisting to promote artistic work and fine art.
- c) Participation of managers and staffs for social campaign.
- d) Assisting private and public educational institution.
- e) Assisting society, nation and even globe to enhance quality of life through charitable foundation.
- f) Showing immediate leadership to handle natural leadership.

Morality of profit Motive:

It refers to the ethical issues regarding profit motive of a business.

- Is the objective of profit making is immoral for business?
- Can a business survive and grow without the continuous profit generation?
- Can a business create jobs and help society without becoming a self sustained unit?
- Is a profit making business unit or a loss making unit seems burden for a society?

Arguments for profit motive:

- 1) A necessary and integral part of a business system
- 2) Required to become a self sustained unit
- 3) Helps in generating employment
- 4) Profit doesnot go as a sole possession for a business.

Out of a profit: Taxes are paid

Dividend are paid

Charities are made

Growth plans are made

- 5) Building up employees confidence level and image of org.
- 6) Induces the promoters to be a global business personality

Arguments against profit motive

- 1) May develop unhealthy competition in the market wiping out small business units.
- 2) Non-transparent may charge excessive pricing exploiting customers.
- 3) Innovative business product follow skimming price strategy.
- 4) Monopoly price is always harmful for society.
- 5) Excessive impulsion on profit motive develops a materialistic society rather than humanitarian.

- 6) There is uniformity in free market economy regarding just prices.

Code of conduct

They are formal statements that describe what an organization expects of its employees. It has three dimensions:

- a) Code of ethics
- b) Code of conduct
- c) Statement of values

Code of ethics is the most comprehensive and consists of general statements sometimes altruistic or inspirational, that serve as principles of the basis for code of conduct.

Code of conduct is a written document that may contain some inspirational statements but that mainly specifies acceptable and unacceptable, do's and don'ts types of behaviour. Statement of values refers to the specified issues which serve in general to all the members of organization from BOD to top management to lower level. E.g: Acceptance of strategic CSR could be a value issue for an organization.

Moral reasoning:

It is a process in which ethical issues and problems are benchmarked against a moral standard so that a moral judgement is possible. It is based upon social norms and value systems of the nations and hence they may differ from place to place. However reasoning made out of uniform principles of ethics prevail irrespective of the location.

For e.g: Question of moral reasoning regarding punctuality differs from western look to oriental look.

While lying is considered immoral everywhere. Psychologists coincide moral reasoning with moral development of an individual. They have outlined six moral development stage of a person and in each stage process of moral reasoning differs.

Six stages are:

- 1) Obedience and punishment orientation] Preconvention stage
- 2) Self interest orientation]
- 3) Interpersonal accord and conformity] Conventional stage
- 4) Authority and social order orientation]
- 5) Social contract orientation] Post conventional stage
- 6) Universal ethics orientation]

Unit-2 Ethical issues and Dilemma

Nature and Importance of Ethical issues influencing work environment of a business:

Business organization is explained as a part of social system where people of diversified culture, religion, attitude, belief, etc act and interact with each other. The work environment social interaction usually occurs between:

- a) Senior to senior members
- b) Senior to junior and viceversa
- c) Junior to Junior
- d) Internal members and external members (media)

The social interaction and work environment issues within the organization that takes place for 8 hours out of 12 hours of active life of the people need to be adhered as per ethical issuer in order to have cordial conflict free work environment.

Usual ethical issues that are to be addressed are:

- a) Determination of wage/remuneration system
- b) Issues of sexual harrasment in the organization
- c) Gift giving and bribery
- d) Morality and Ad/publicity
- e) Office romance issues
- f) Determination of fair pricing policy
- g) Transparency : trade secrets and corporate disclosure
- h) Product misinterpretation
- i) Caveat Emptor : Let buyer be beware
- j) Issues of labor strikes
- k) Whistle blowing issues
- l) Money laundering issue

- m) Conflict of interest
- n) Insider training

Just age:

A wage level for a job that is set by market dynamics and justified. Just age basically aims to consider following issues:

- 1) It should be more than minimum wage level as prescribed by government agency.
- 2) It should be adjusted as per inflationary pressure.
- 3) It should be at least equal to prevailing market wage rate in context of job and positioning workers.
- 4) It should consider cost of living or life style of workers.
- 5) No discrimination
- 6) Should have same discretionary amount left
- 7) Depending upon organization's financial condition, it should include the betterment of employees' life during old age covering life insurance, health insurance, gratuity or pension.

Sexual Harassment

Managing Sexual harassment issues:

- 1) Establish a statement of policy regarding harassment issues with clear instruction as in tolerable act and unforgivable for any kind of such act.
- 2) Develop the mechanism of collecting such complaints from the victim staffs ensuring their protection of non exposure of such names.
- 3) Establish an impartial cell containing lady staffs to investigate such issues.
- 4) Establish specific procedures for prevention of such practices at early stage.

- a) Integrated CCTV camera
- b) Organising symposium
- c) Celebrating once a year in the organization as harassment free organization
- d) Intelligence over suspected employee behavior.
- e) Open communication with victimized staffs at early stage.

Managing ethical issues of product misinterpretation

- i) Provide the details of product mentioning
 - Ingredients
 - Manufacturing date/Expiry date
 - Caution about the use/consumption of product
 - Any side effect
- ii) If product is manufactured under licensing/franchising name of license/franchise provider
- iii) Correct labelling of product like:
 - contents of kind of yarn in textile
 - Colour fastness, washing instructions
- iv) Avoiding puffery and surrogacy ad
- v) Educating the user providing sales literature
- vi) Organising work shop for industrial product
- vii) Offering comparative chart of its close substitutes.

The morality of Advertisement

- i) Respect truthfulness (deception objection)
- ii) Respect the dignity of human being
 - Do not promote women as an object
 - Avoid irrelevant ad like using beautiful girl's face for promoting shaving razor
 - Be specially attentive for the ads that are focused to kids.
- iii) Puffery isn't acceptable
- iv) Surrogacy " " "

- v) Not Understand intentional meaningful symbols like Swastika is unacceptable for Jews
- vi) Ad should be designed as per social responsibility.
- vii) Limit the use of celebrities that plays emotional buyings
- viii) Avoid corporate ad.
- ix) Unverified claims
- x) Vulgarity in ad.

Gift giving

It is an act of extending goodwill to an individual in an effort to share something with them. Businesses are built on personal relationships and gifts are integral part of those relationships. Business usually engage in gift giving for the following reasons:

- a) To show appreciation for a favor received
- b) To effectively establish goodwill with business partners
- c) To advertise
- d) To compete effectively against competitors

Factors in determining the morality of gift-giving

- a) Value of the gift
- b) Purpose of the gift
- c) Circumstances under which gift was given or received
- d) Position between or relationship of the giver and receiver
- e) Acceptable business practice in the industry
- f) Company policy
- g) Laws and regulations

Bribery

Bribery is the practice of offering something (money) in order to gain an illicit advantage. It is defined as an unlawful act, but it can be a business ethics issue. It is a moral

criminal offence, morally wrong and exposes staff of an organization to the risk of prosecution, unlimited fines and possible imprisonment and could endanger firm's reputation.

- > Passive bribery: offence committed by an official who receives the bribe.
- > Active bribery: Person who promises or gives the bribe commits offence.

Office Romance

It exists when two members of the same organization develop a relationship with mutual attraction. As individuals spend increasing hours in the workplace, they begin to spend more time with co-workers building relationships. While love can make one do crazy things, it is important to keep a clear mind and realize the pros and cons to developing a relationship with a co-worker.

Advantages

1. Energize workplace morale
2. Motivate employees
3. Encourage creativity and innovation
4. Soften work-related personality conflicts
5. Improve teamwork, communication, and cooperation

Disadvantages

1. Threaten career advancements
2. Complicate work relationships
3. Co-worker confusion
4. Work performance decline
5. Conflict of interest

Conflict of interest within workplace

- 1) Stakeholders vs employees
- 2) Manager vs employees
 - Difference in approach to projects

- Employee absenteeism
- Discrimination
- Change in leadership
- Account transparency

3) Employee Vs Employee

- Differing values
- Opposing interest
- Personal problem
- Personality conflict

Discrimination:

It is the process of differentiating people in the organizations work environment through certain pre-determined pre-judice usually not allowed by law. The types are:

- i) Financial discrimination
- ii) Employment "
- iii) Placement "
- iv) Promotional "
- v) Transfer "
- vi) Termination "
- vii) Procurement "

The Problem of Fair Pricing:

Fair pricing is the result of a mutual agreement by the buyer and seller under competitive conditions. Problem of fairness arise then when prevailing market conditions allow companies to exploit advantageous market position, such as monopoly, or where consumers are unable to leave the market, perhaps because they have an irrevocable need for a product, such as for housing, food, or medicine.

There are four main types of pricing practices where ethical problems are likely to rise:

a) Excessive pricing:

Also called price gouging, it refers to the pricing of not of luxuries or optional items, but of practical necessities - fuel, food, water, and shelter - in times of emergency.

b) Price fixing:

It occurs as a result of collusion between competing firms to fix prices above the market rate rather than being the actions of one single firm.

c) Predatory pricing:

A further problem of anti-competitive practice can occur when firm adopts the opposite course of action, and rather than charging market rate, sets price significantly below the market rate in order to force out competition.

d) Deceptive pricing:

Unfair pricing can also occur when firms price in such a way that the true cost to customers is deliberately obscured.

Trade Secrets

Also known as proprietary information, are vital to the success of any business. They give the business a competitive edge - as long as the information remains confidential. When trade secrets become public, they lose their economic value. Trade secrets are company's alternatives to patents and copyrights as a means of protecting inventions, formulas, etc. It gives an opportunity to obtain an advantage over competitors who do not know or use it. The formula for Coca-cola and the recipe for KFC's 'finger licking good' chicken is trade secret and are not patented.

Examples of trade secrets include customer identities and preferences vendors, product pricing, marketing strategies, Company finances.

There are at least three arguments for legally protecting trade secrets:

- Trade secrets are the intellectual property of the company.
- The thefts of the trade secrets is unfair competition.
- Employees who disclose trade secrets violate the confidentiality owed to their employees.

Options to protect trade secrets:

- Limit access to information.
- Develop security and monitoring procedures.
- Use confidentiality, non-compete or non-disclosure agreements.

Corporate Disclosure:

It is information that public companies, mutual funds and corporate insiders must disclose to the investing parties to or to one that are affected. It is about all the information that a corporation is morally obliged to disclose coincides with much that is legally required.

The moral or ethical basis for disclosure of corporation information rests primarily on two moral principles.

- Each person has a right to access the information he/she needs to enter into a transaction fairly.
- Each person has the right to know those actions of others that will have a serious and adverse impact.

Importance of corporate disclosure

- Protects the right of shareholders.
- Important in Nepal as most companies are dominated by a few majority shareholders or families.

Product Misinterpretation

Product Misrepresentation

It is a crime of misstating facts to obtain money, goods or benefits to the other person to which accused is not entitled. If a specific misrepresentation induces the other party to enter into a contract, that party may have the legal right to rescind the contract or seek compensation for damages.

Direct misrepresentation is characterized by actively misrepresenting something about the product or service. It gives the business a bad name because deception and lying are used in the process of selling the products to the customers.

Indirect misrepresentation is characterized by omitting adverse information about the product or service. It includes caveat emptor and business ignorance.

Innocent misrepresentation occurs when a person makes a statement that she or he believes to be true but that actually misrepresents material facts.

Caveat Emptor :

It assumes that every purchase involves the informed consent of the buyer. Buyers have the responsibility to look out for their own interests and protect their own safety when buying a product, unless a contract or other enforceable agreement allows otherwise. It means 'Let the Buyer Beware'. It is the customer's responsibility to show due diligence in avoiding questionable products. If they were subsequently dissatisfied with a product or service, it was regarded as their own fault.

Whistle-blowing

Employee disclosure of illegal, immoral or illegitimate practices on the employer's part is called whistle-blowing. Whistle-blowers often report wrongdoing to outsiders, such as regulatory agencies, or newspaper reporters. For an effective ethical safeguard, companies must view whistle-blowing as a benefit to the company and make dedicated efforts to protect whistle-blowers. They are the one who discovers and tries to put an end to a company's unethical, illegal, or socially irresponsible actions by publicizing them.

Organizational barriers to whistle-blowing :

- a) A strict chain of command that makes it difficult to report unethical practices to higher-level managers.
- b) Strong work group identities that encourage loyalty and self-censorship.
- c) Ambiguous priorities that make it difficult to distinguish right from wrong.

Measures to overcome these barriers are:

- a) The use of formally appointed ethics staff members to serve as ethics advocates
- b) Moral quality circles.

Unfair Competition :

Unjust and often illegal attempt to gain unfair competitive advantage through false, fraudulent, or unethical commercial conduct is called unfair competition. They are the acts done by a seller to confuse or deceive the public with intent to acquire a large portion of the market. Example : Advertisement and sales method and other unlawful attitudes contrary to objective good faith, to benefit others business products without permission, to disclose production and business secrets unlawfully.

Money Laundering

It is the process of converting illegal or dirty money into legal or clean money. It is the process of concealing the existence, illegal source, or illegal application of income to make it appear legitimate. It happens every time any transaction takes place or relationship is formed which involves any form of property or benefit, whether it is tangible or intangible which is derived from criminal activity.

Money Laundering Process

Placement	⇒	Layering	⇒	Integration
<ul style="list-style-type: none"> • Illicit funds are physically placed in the financial institution 		<ul style="list-style-type: none"> • Multiple transactions • Wire transfers between domestic and foreign accounts 		<ul style="list-style-type: none"> • Real estate investment • Luxury automobiles • Investment in securities markets

Placement : criminally derived funds are introduced in the financial system.

Layering : process in which property is washed and its ownership and source is disguised.

Integration : is where the laundered property is re-introduced into the legitimate economy.

Reasons for money laundering

- Absence of legislation
- Evasion of tax
- Increase in profits
- To make black money appear white money
- Limited risks of exposure.

Conflict of Interests

It exists when a person must choose between his/her gain, the organizations, or of some other group. It occurs when a secondary interest distorts or has the potential to distort a judgement related to a primary interest.

Types

a) Actual conflict of interest:

When personal interest leads a person to act against the interest of employer or organization.

b) Potential conflict of interest:

When there is a possibility that a person will fail to fulfill the obligation to act in the interest of other, even though the person has not done it.

Insider Trading

An insider is any officer, director or owner of 10 percent or more of a class of a company's securities.

There are two types of insider trading: illegal and legal.

Illegal insider trading is the buying or selling of stocks by insiders who possess material that is still not public.

The legal insider trading is when corporate insiders - officers, directors and employees - buy and sell stock in their own companies.

The act of buying or selling a company's stock on the basis of 'inside' information about the company is called as 'insider trading'.

It is illegal as well as unethical because the information which is confidential and not available to the general public outside the company, have a significant impact on the price of the company's stock.

Disadvantages of insider trading

a) Stockbrokers, information ers, and frauds manipulate the

security markets by leaking information.

- b) Spread out rumor about a insider transaction.
- c) Enhance the risk for stock market crash
- d) Leads to decrease in overall trust in the market.

The field of ethics (moral philosophy) involves systematizing, defending and recommending concepts of right and wrong behaviour. Philosophers today usually divide ethical theories into four-general subject areas:

- i) Meta Ethics
- ii) Normative Ethics
- iii) Descriptive "
- iv) Applied "

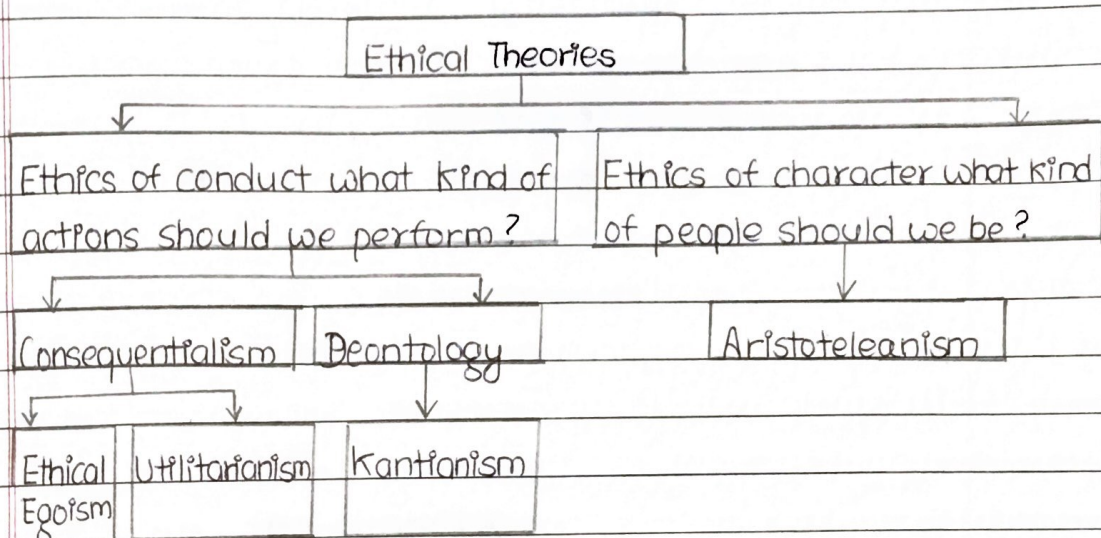
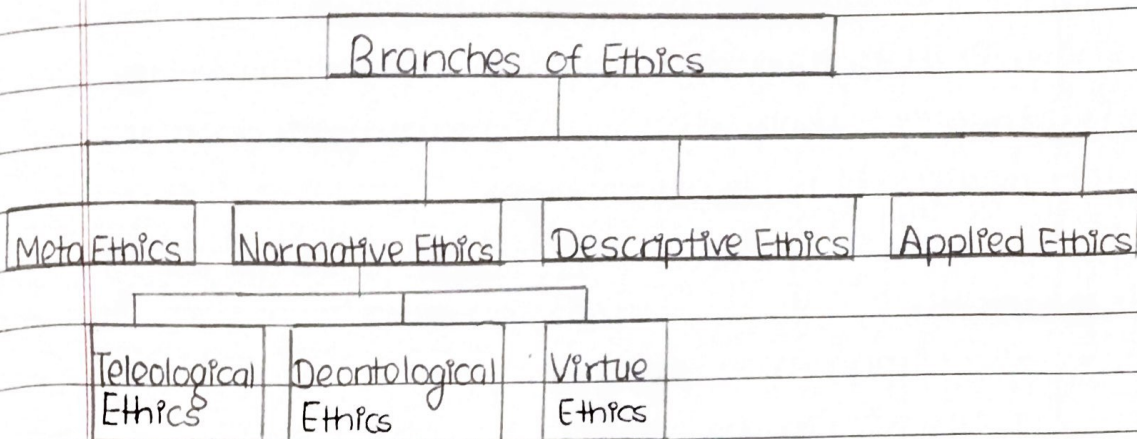
i) Meta Ethics : seeks to understand nature of ethical properties, statements, attitudes and judgements. It attempts to discover the origin or cause of right or wrong. Normative ethics is practically oriented while meta ethics refers to the root of moral values that are at any case should be applied by human being.

ii) Normative Ethics : attempts to determine the basis of our moral behaviour by examining the rightness and wrongness of actions. They are usually influenced by religious values/principles/societal beliefs and tradition.

iii) Descriptive Ethics : reports what people believe, how they reason, how they act. It is comparative ethics that attempts to describe the human behaviour relating to different ethical issues at different time frame.

iv) Applied ethics : attempts to use philosophical methods to identify morally correct course of action in various professional and occupational field like : medical ethics, legal ethics, Bio-ethics, business ethics, salesperson ethics, etc.

Diagrammatic view of Ethical theories (based on approaches of various philosophers).



Scholastic Philosophy:

The term Scholastic is derived from Greek word and it refers to the scholar. Scholastic philosophy represents moral philosophy coined for the several thoughts, preachings and discussion made on philosophical issues around 12th century i.e. medieval historical period.

In the medieval period, as a pedagogy University translated texts from Greek or Arabian into Latin of Aristotle (384-322 BC) provided the basis for a system of thought known as Aristoteleanism. Later on, Thomas

Aquinas (1225-1274), Duns Scotus (1266-1308) and William Ockham (1285-1347) contributed in philosophical studies.

The basic instruments of Scholastic philosophy were definition, distinction and argumentation and its ideal goal was the certain truth, although it could reach only probable conclusions.

The Scholastic philosophy was basically influenced by Church, its proceedings and the contents of old and new testament. The arguments were basically used to take place in how far the contents of bible lead to the truth.

The issues regarding moral reasoning, existence of life, virtue of God, relationship between human and God, issues prescribed by holy books, thoughts of Pope, etc were the basis of definition, distinction and argumentation in Scholastic philosophy.

Much of western philosophy is based on thoughts and teachings of Socrates, Plato and Aristotle. Aristotle was Plato's best student. In a Scholastic Philosophy, thoughts and teachings of Aristotle were the bases for discussions. Aristotle's famous Dialectic method obtained from logic was also the matter of discussion in Scholastic philosophy.

The basic merit outlined for a Scholastic philosophy has been the initiation of dialogues, interactions, thought-provoking discussions in an institutional frame work (university) through pedagogy regarding philosophical issues derived at that period of time.

The philosophy even for the first time had the formal discussion on regarding religious issues and conclusions of right or wrong.

The limitation of philosophy however is that it has not formulated any ethical theory of its own and such it cannot be treated as one of the ethical theory.

Kantian Ethics:

Ethical theory as given by Immanuel Kant (1724 - 1804) a German Philosopher. This theory is an example of deontological (duty-oriented) moral theory. The theory believes that rightness or wrongness of actions does not depend on their consequences but on whether they fulfill our duty. Kant believed that there was a supreme principle of morality and he referred to it as the categorical Imperative.

Kant characterized CI as an objective, rationally necessary and unconditioned principle that we must always follow despite any natural desires we may have to the contrary. So theft, lying, robbery, etc were considered as immoral and hence every human being's duty is to not to indulge in such activities even if they bring wealth and happiness.

So as per Kant all immoral activities are irrational because they violate the CI. Kant further elaborates "The obligation to do our duty is unconditional, that is we must do it for the sake of duty, because it is the right thing to do, not if we don't do it and get caught we'll be punished. The CI was Kant's name for this philosophical remarks. CI is self imposed restraint, for the command of conscience that tells that the only true moral act is done from a pure sense of duty. So honesty, truthfulness and integrity for a human being may be termed as requirement of CI.

Kant says that CI is the fundamental principle of morality and in simple sense non other than

the law of an autonomous will.

Kant has classified CI into three headings.

Formulation 1: Universability:

The action can be said to be rightful or immoral if the maxim can be universalised like issue of honesty, truthfulness and integrity.

Formulation 2:

CI should be means to end. Every rational being exists as an end in himself and not merely as a means to be arbitrarily used by this or that. Use people as a means to your own end.

Formulation 3: Kingdom of ends

Every individual should behave as though every other individual was an 'end'. Everyone should act as if everyone else was following CI.

Features of Kantian Ethics:

- 1) It is Deontological (Duty-oriented) ethical theory. All moral actions are binded by implied duty and one should not avoid duty at any case.
- 2) It is normative ethics i.e. it is based on practical orientation besides having certain principles / standards.
- 3) Based upon categorical Imperative i.e. commands that are categorised and are the primary obligation to fulfill.
- 4) Individual autonomy: Kant has given central focus to individual autonomy since as per him it is the source of rational action. Rational actions are given as:
 - Do unto others as you would have their done onto you
 - Do not impose on others what you donot wish for yourself.

- 5) Kantian theory does not believe in end result. CI are to be obeyed and implemented whatever be the end result (satisfied to you or dissatisfied).
- 6) Morality must be based on CI. You are said to be conducting moral actions unless and until you are going against stated commands as given by CI.
- 7) All immoral actions are irrational since they violate CI.

Criticism of Kantian Ethics :

- i) Difficult for a business managers to decide whether an action is right or wrong, rational or irrational as prescribed by Immanuel Kant.
 - It may be applied in general context of life style of a human being but difficult in applying in business.
 - Managers make business decisions situational base which is against the basic principle of Kant.
- ii) Kantian ethics is very difficult to apply for the individual differences that are so much perceived and observed at present.
- iii) Kant states about "Universalism" commands that are to be implemented on universal basis. Critics say that it is quite difficult to list down such command applicable to all locations.
- iv) CI change over the religious differences, geographical differences, cultural differences and like on. Hence rigidity as shown by CI is challenging in today's world. So, critics say that Kantian ethics have so little role to play as normative ethics.

Machiavellianism:

The word comes from the Italian Renaissance diplomat and writer Niccolò Machiavelli, 1469 (Born). The subject matter of such doctrine came into being through his famous book 'Prince' which lays out advice to rulers how to govern their subjects. The gist of the doctrine is that manipulation is necessary and must on occasions to achieve required objectives.

It assumes that given men are 'Ungrateful, fickle, liars and deceivers, fearful of danger and greedy for gain', a ruler is 'often obliged not to be good'. So it is important for a statesman not only to learn how to be good but equally 'how not to be good'. His dogma was that a leader should be preferred to do evil when necessary to gain power, maintain law and order.

Psychologists use this as Machtrait (personality) as the dark triad, along with narcissism and Psychopathy. The Machiavellianism applied in organization settings consists of three factors:

- a) Maintaining power i.e. be active in power politics otherwise even if you are good you may be thrown out of key posts.
- b) Harsh management tactics: often you must apply Autocratic and Dictatorial style.
- c) Manipulative behaviour: What is inside you need to be understood by yourself for others you must be a gimmick.